



CALIFORNIA COMMISSION FOR ECONOMIC DEVELOPMENT

2002 ANNUAL REPORT

CRUZ M. BUSTAMANTE
Lieutenant Governor
State of California

INTRODUCTION

The 2002 California Commission for Economic Development (CED) Annual Report

The California Commission for Economic Development (CED) was established in 1971 to serve as an advisory board on economic development to the executive and legislative leadership of the State of California. It is statutorily authorized by California Code §14999-14999.10.

The CED served the state under the statutory chairmanship of Lieutenant Governors from 1971 through 1994. Seeing a need for additional economic development efforts, funding was restored for the CED in 2002. The current Chair of the CED, Lieutenant Governor Cruz M. Bustamante, began the process of rebuilding the Commission and developing legislative proposals to assist California's economy.

Statutorily, the CED is composed of 17 commissioners, none of whom were appointed in 2002. The Senate Rules Committee and the Speaker of the Assembly each appoint three members and the Governor appoints the remaining 10. No more than six of the commissioners appointed by the Governor may be registered members of the same political party.

To carry out its scope of duties, the CED has the authority to appoint committees, hold hearings and secure the cooperation of any public or private organization. Additionally, the CED may accept federal funds, gifts, donations, grants or bequests to facilitate its mission.

For nearly 20 years, the CED published an annual report that included an overview of California's economy and a review of the Commission's activities. The 2002 California Commission for Economic Development Annual Report is the first official document to be published by the Commission since 1991.



Chairman
Commission for Economic Development

Dear Californians:

The State of California resumed funding for the Commission for Economic Development (CED) one year ago, after a ten-year lapse. The CED has since engaged in a broad spectrum of economic development issues.

During 2002, the CED has sponsored legislation for a billion-dollar infrastructure bond, as well as several economic development legislative proposals and approved the issuance of bond funds that created hundreds of jobs and affordable housing.

As our state and nation continue to experience economic uncertainty, we must think boldly. State government cannot continue to be expert at the art of the smallest idea. The CED's priority will be to recommend initiatives that lead to the creation of good jobs that provide economic security for California's families.

Addressing these challenges will test California's character. We must not succumb to the quick and easy fixes. To be successful will take great determination, but the outcome promises to benefit all Californians.

With kindest regards,

CRUZ M. BUSTAMANTE
California Lieutenant Governor

TABLE OF CONTENTS

THE CALIFORNIA ECONOMY	1
BUILD, BUILD, BUILD	5
BUILDING A STRONG ECONOMY: SUPPORTING SMALL BUSINESS GROWTH	8
CREATING AND MAINTAINING THE WORKFORCE	9
FUTURE DIRECTIONS.....	10
BUILDING OUR FUTURE: CREATING SOUND PUBLIC POLICY	11
ACKNOWLEDGMENTS	12
SOURCES.....	13

THE CALIFORNIA ECONOMY

OVERVIEW

From 1998 to 2001, California grew from the eighth- to the fifth-largest economy in the world, outpacing the U.S. national rate of growth. During this period, California's gross state product increased from \$1.1 trillion to \$1.4 trillion,¹ helping to boost levels of per capita income and employment to their highest levels in our state's history. With 16 million jobs spanning over 120 industries,² our state's economy is also one of the most diversified in the nation.

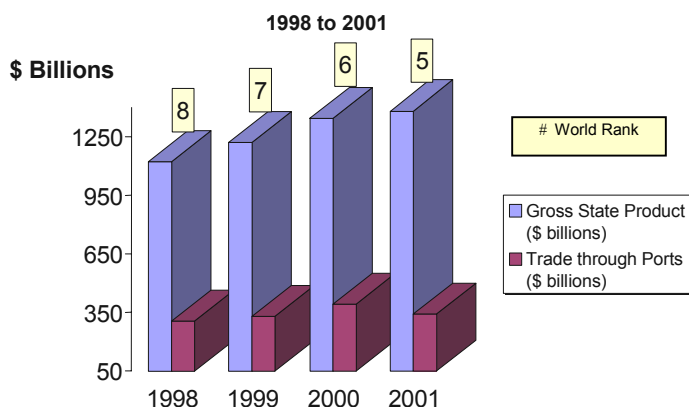
MADE IN CALIFORNIA

At the core of the state's economic expansion during this period, were the manufacturing and service industries that produce most of the state's exports. California's entry into new international markets fueled demand for its goods and services, and after hitting a plateau in 1998, sales to foreign markets increased by more than 20 percent in 2000. Demand from Asian markets bounced back, while trade with Mexico jumped sharply in 1999 as it surpassed Japan as California's largest export market.

However, California exports declined sharply in 2001 and 2002, reflecting decreased demand for high-tech products and slowed growth among major trading partners due to the dot-com bust and the terrorist attacks of September 11.

Table # 1

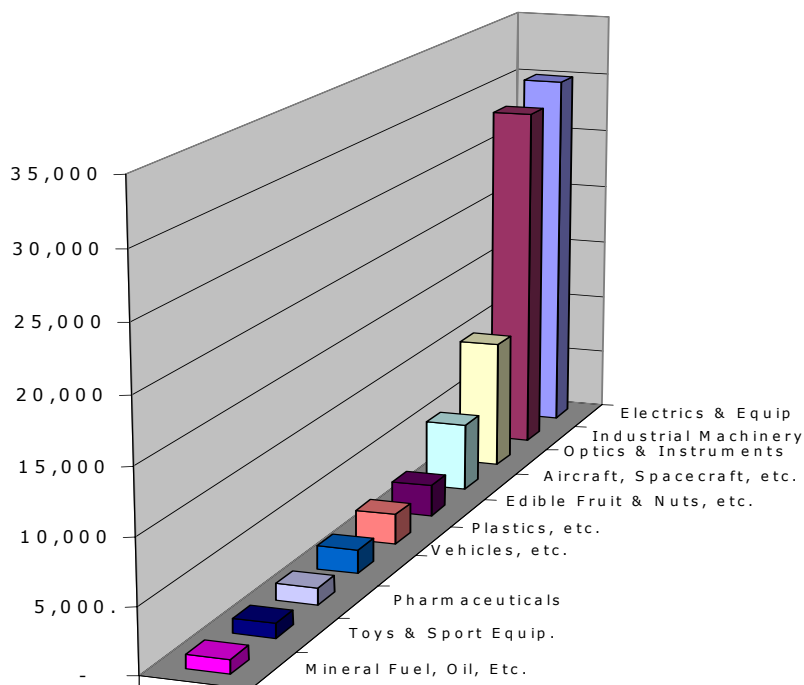
California's economy ranks #5 among the economies of all countries throughout the world.



Source: Technology, Trade and Commerce Agency

Table # 2

**Top 10 Made-in-California Exports
1999-2001 (\$ Millions)**



Source: Technology, Trade and Commerce Agency

AGRICULTURE

California's agriculture industry produces food products that are shipped throughout the United States and the rest of the world. This \$29 billion industry relies on innovative and efficient farming methods to lead the nation in crop production and agricultural exports.³ Agriculture exports also generate \$6.5 billion annually for the state, which is 14 percent of total production shipped abroad.⁴ The state's transportation infrastructure, especially its ports, is the crucial link between California's agricultural commodities and our top 10 export destinations, seven of which are in Asia.

SERVICES

California's service industry produces over one-third of the state's output and spans a wide range of sectors. The computer-related services sector has been the industry's fastest growing sector over the past few years, creating thousands of new skilled and highly paid positions.

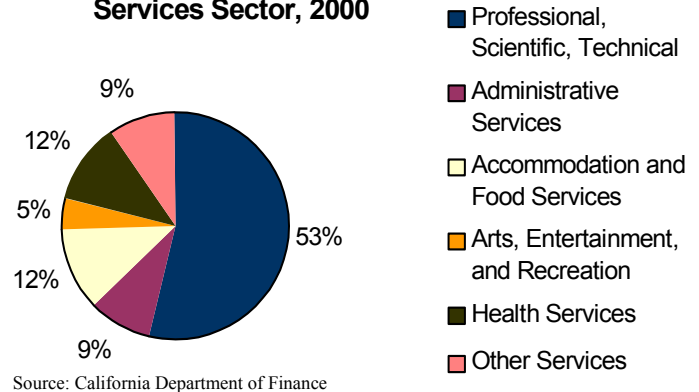
However, a soft economy, declining demand for new technologies and a growing population are shifting the growth trend away from the computer-related services sector toward the accommodation and food services sector. As the industry's growth shifts, the number of skilled and high-salaried positions will decline and the number of entry-level and low-wage positions in the accommodation and food services sector will increase. This rise in low-wage positions corresponds with greater demand for social services and creates structural problems for our economy and government.

Occupations in the accommodation and food services sectors, such as janitor and fast food restaurant cook, tend to be entry-level positions that pay low wages and do not provide benefits, creating greater dependence on government programs (such as MediCal, food stamps, housing assistance, etc.) The accommodation and food services sector also contributes far less tax revenue to the state than the professional services sector, which includes highly paid jobs in the fields of technology and science (Table #3).

Though the Arts, Entertainment and Recreation sector of the services industry had the lowest state tax contribution in 2000 (Table #3), this sector supports jobs for more than one million Californians and is essential to the state's economy. As home to the major media production companies in the United States, California's film production alone generated \$27.5 billion in 1999 and employed nearly 200,000 employees statewide.⁵ California is also the top travel destination in the United States, and according to the California Travel and Tourism Commission, tourism generates approximately \$75 billion in direct travel spending and provides jobs for one million Californians.

Table # 3

Tax Contributions of Services Sector, 2000



Entertainment & Tourism

- Generates over \$100 billion
- Supports jobs for over 1.2 million Californians
- Generates over \$5 billion in tax revenue

Source: California Travel & Tourism Commission

MANUFACTURING

The manufacturing industry produces California's top three exports and fuels the state's trade expansion and economic growth (Table #2). The production of California's manufacturing industry generates a ripple effect that boosts revenue for consumer goods and services across all industries.

High-tech manufacturing drove much of the industry's growth in the late 1990s, especially in the sectors of computer technology, aerospace, biotechnology and defense. Employment in high-tech manufacturing significantly declined in 2001, reflecting a decreased demand for technology goods after fears of the millennium bug waned, the dot-com bubble burst and the terrorist attacks on September 11 weakened global economies.

California Aerospace

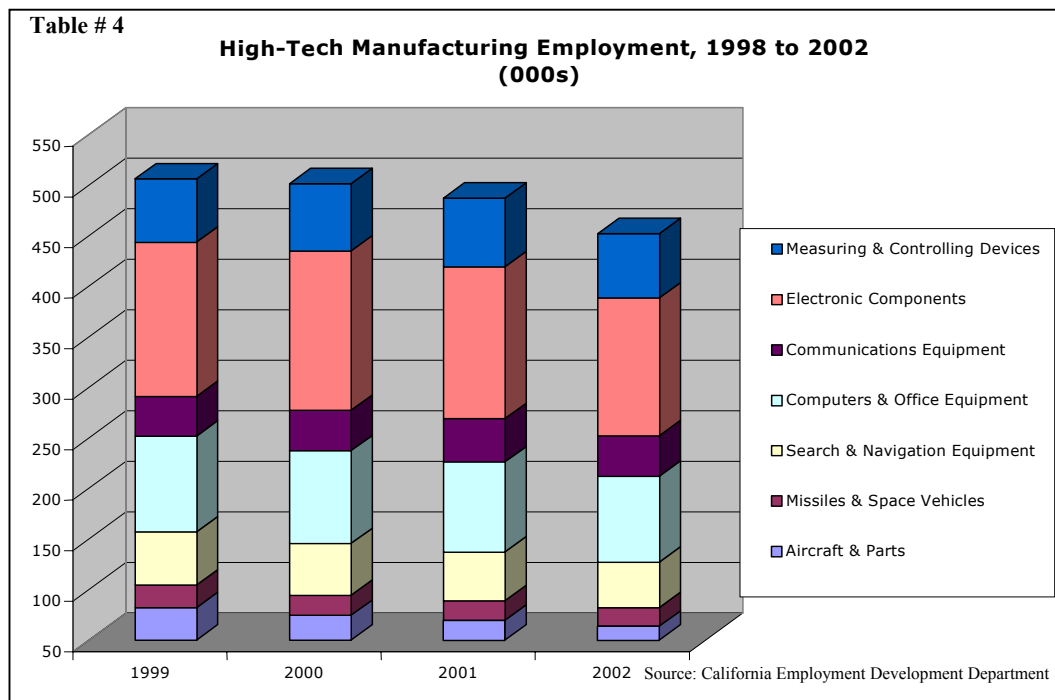
- Employs 20 percent of the nation's aerospace personnel.
- Manufacturing output alone is valued at over \$20 billion.⁶

California Biotechnology

- Represents one-third of the nation's public biotech companies.
- Annual biotech exports valued at \$4.2 billion.
- Generates worldwide revenues of \$20 billion.⁷

Defense

- California still has the largest number of military installations in the country.
- California's defense industry is valued at approximately \$30 billion.⁸



Unlike many occupations in the services industry, the manufacturing industry makes long-term investments in the education, training and compensation of their workforce. According to the Milken Institute, in 2002, the production of the 1.9 million Californians employed in manufacturing stimulated the creation of an additional 3.8 million jobs for Californians working outside of the manufacturing industry.⁹ This long-term workforce investment stimulates consumption, trade and job growth throughout California's industries.

TRADE

Exports and foreign direct investment play a significant role in California's economy by expanding the market for our goods and services and creating new trade-related employment opportunities. California has aggressively pursued relationships with countries throughout the world to promote our effectiveness as a producer and consumer in the global economy. Over the past five years, representatives from our state's government have visited and hosted business and government interests throughout the world to develop new trade partnerships and expand existing ones.

Mexico is California's top trading partner, and the CED has worked to strengthen this partnership and expand the supply of trade-related jobs in California. The Lieutenant Governor met with Governor Vicente Fox during his visit to the State Capitol, and later hosted him on his first visit to the United States as the newly inaugurated President of Mexico.

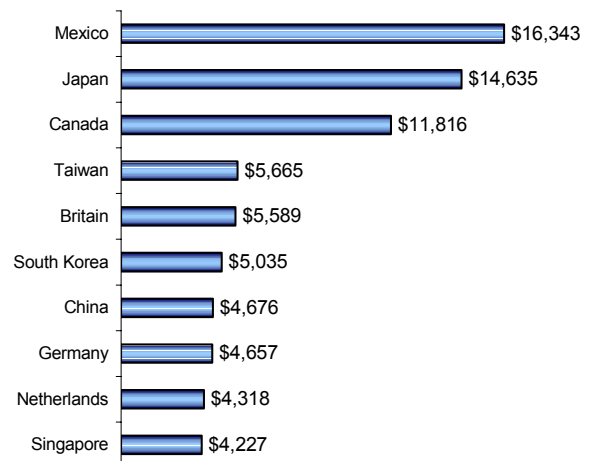
He also initiated an international trade and economic development conference with the Governor of Jalisco, Mexico and met with Mexico's Secretary of Agriculture to initiate the removal of restrictions on California apple and poultry products.

To ensure the continued expansion of our trade partnerships, the state should also work to ensure the safe and timely delivery of its exports to their destinations. Five of California's top 10 export destinations are in Asia, and the state's ports are essential as a national gateway for transporting goods and for expanding trade with the Pacific Rim and beyond. To help safeguard these crucial commerce gateways, the Lieutenant Governor sponsored a bill (SB 1647) to increase our state's investment in public infrastructure security, federal navigation projects, goods movement and air quality improvement.

California trade is global...

- Produces one-third of U.S. exports in computer and electronic products.
- In 1999, foreign-owned firms employed 638,800 people in California—more than in any other state—a distinction California has enjoyed since 1977.¹⁰

Table #5
Top 10 Destinations of "Made in California" Goods,
1998 to 2001
(Value in \$ millions)



Source: California Technology, Trade & Commerce Agency

California's ports are trade gateways

- Our ports transferred goods valued at over \$300 billion in 2001, nearly 25 percent of the total gross state product.¹¹
- Supports 3.4 million jobs.
- Provide more than a two-day advantage over shipments through the Panama Canal.

Source: Technology, Trade and Commerce Agency

BUILD, BUILD, BUILD

The state must ensure that a solid infrastructure underlies its economic growth. Our quality of life—and that of future generations—depends on maintaining and improving the state’s housing, transportation, parks, water, energy and school infrastructure. In addition to improving our state’s long-neglected infrastructure, new construction has a multiplier effect that has created substantial benefits for California’s economy.

INFRASTRUCTURE INVESTMENT

Investing in infrastructure is essential to supporting the development and expansion of California’s economy. As Co-Chair of the Commission on Building for the 21st Century, the Lieutenant Governor helped to develop California’s strategic plan and funding strategies for infrastructure investment.

The Lieutenant Governor sought to implement elements of this plan by sponsoring *The California Economic Stimulus, Public Infrastructure Security and Investment Bond Act of 2002* (Perata) SB 1647. This bill would have authorized a \$1 billion general obligation bond to stimulate California’s economy, upgrade regional infrastructure, improve security at international maritime ports and other global gateways, and finance improvement of water management and conservation programs.

Future investment in port security will help to safeguard California and its economy against potential terrorist and criminal activity, as well as provide urgently needed improvements in basic infrastructure. West Coast ports are major gateways for national commerce, handling over \$300 billion in trade and most of the nation’s containerized imports and exports.¹² Yet, only two percent of the 600,000 containers arriving daily in United States ports are inspected, leaving the entire state coastline vulnerable to unknown threats.¹³

Table #6

The California Economic Stimulus, Public Infrastructure Security and Investment Bond Act of 2002

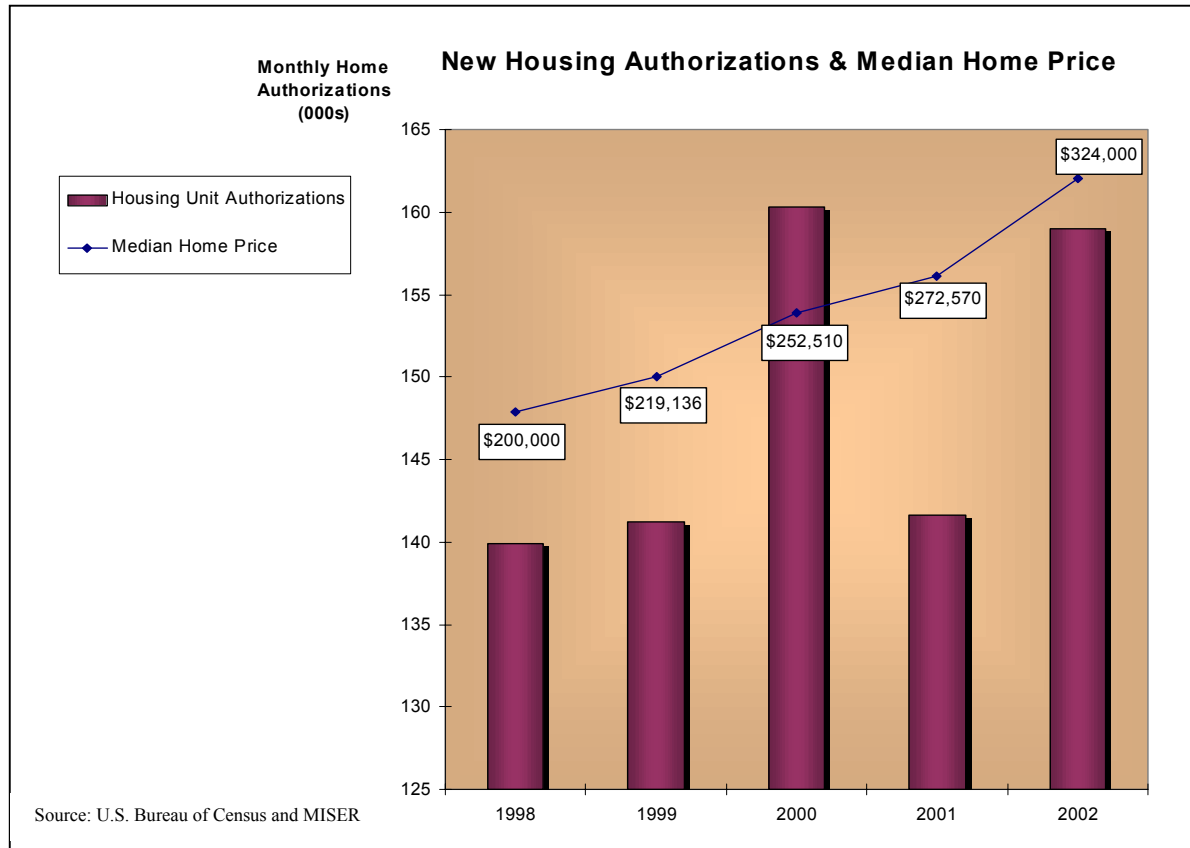
I. Seaport Security	\$200 million
Seaport security includes port and harbor security, infrastructure, and environmental investigation and remediation, including capital improvement projects that provide enhanced security at a harbor or port. Specific investments could include: video surveillance equipment, explosives detection technology, cargo scanners, radiation monitors, thermal protective equipment and other devices capable of detecting weapons of mass destruction using chemical, biological or other similar substances.	
II. Port Neighborhood Transportation Infrastructure	\$500 million
This would create the Global Gateways Account. The Infrastructure and Economic Development Bank would allocate funds after receiving recommendations from the California Freight Advisory Committee on infrastructure improvements. Eligible projects would lead to the more efficient movement of goods or people using rail, inter-modal passenger or freight facilities and roads or highways near or related to rail yards, harbors, foreign-trade zone sites, ports or airports.	
III. Neighborhood Air Quality Improvement	\$100 million
This account would be created within the California Port Community Air Quality Program. Eligible projects would reduce air pollution in neighborhoods near infrastructure investments.	
IV. Federal Navigation Projects Matching Fund	\$200 million
The account would provide state-matching funds for publicly owned seaports to leverage competitive federal navigation funds to modernize publicly owned seaports.	

For each day that California’s ports are closed, America’s economy could lose \$1 billion. The human and economic cost, however, would be far more tragic if there were a terrorist attack on our ports.

Source: CNN/Money 10/1/02

HOUSING

California faces a shortage in the supply of affordable housing. Despite a softening economy, demand for housing steadily grew throughout 2002, with low federal interest rates and mortgage rates at their lowest levels in four decades. As the chart below illustrates, sales and construction of residential properties grew from 1998 through 2002, but construction still failed to keep up with demand, leading to the rise of home prices to near all-time highs.¹⁴



The Lieutenant Governor, as Chair of the CED, has supported efforts to increase the supply and improve the availability of housing, particularly for working families. In 2001, he supported AB 1170 (Firebaugh) to provide down payment assistance to first-time homebuyers. That same year, he also supported AB 1284 (Lowenthal) to authorize the Department of Housing and Community Development to establish six “housing opportunity districts” in the state, two each in Southern Northern and Central California. These districts would apply their property tax revenues to provide low- and moderate-income housing.

Finally, he supported Proposition 46, which provides \$2.1 billion in general obligation bonds for state housing programs. Over three years, this bond is estimated to create 276,000 jobs and provide down payment assistance to low- and moderate-income, first-time homebuyers.

BUSINESS EXPANSION

Investing in infrastructure is also essential to supporting business development and expansion. Low-interest, tax-exempt Industrial Revenue Bonds can be used more effectively to create long-term infrastructure investments and thus support business expansion. The Lieutenant Governor approved the issuance of two such bonds by the California Infrastructure and Economic Development Bank.

The first bond approved, a \$130-million bond to the nonprofit RAND Corporation, will primarily be used to fund the acquisition, construction, furnishing and equipping of their new corporate headquarters. In addition to the development of new office space, RAND will also use these bond funds to build affordable housing, a public park and a childcare center. Completion of the entire project will create several hundred good-paying jobs.

\$130-million bond for the RAND Corporation will create...

- 400 new jobs
- 12.7 acres of new parks
- 300 new residential units, including 160 affordable housing units
- 950-vehicle public parking structure
- 75,000 square foot city services building
- 12,500 square foot state-of-the-art childcare center

The second, a \$5-million bond to Reed Leasing Group, LLC, will fund the acquisition of land, construction of an industrial plant and the purchase of new equipment. The Reed Leasing Group has operated in the Central Valley for more than 56 years and manufactures a variety of ready-mix concrete products, which they sell primarily to the local construction industry. The project will be in a state-designated Enterprise Zone within Stockton, and will create 100 new jobs that pay the prevailing wage and include medical benefits.

\$5-million bond for the Reed Leasing Group will create...

- One job per \$50,000 of bond funding
- 100 new jobs statewide, with a minimum hourly wage of \$17.75

EXPEDITE APPROVED STATE PROJECTS

In 2002, California voters passed three bond measures for infrastructure totaling \$17.75 billion. The first bond, Proposition 40, allocates \$2.6 billion for the improvement of water quality and supply, development of new parks and recreation facilities, and preservation of historic and cultural resources. The second bond, Proposition 46, provides \$2.1 billion to housing programs for families, homeownership, farmworkers and homeless shelters. The third bond, Proposition 47, secures \$13.05 billion for K-12 and university education facilities. To ensure that these bond funds are used effectively, the state should expedite the release of funds toward bond-related projects.

UC Merced, the University of California's tenth campus, will open in 2005 and will eventually serve 25,000 students. This 21st century university will provide state-of-the-art research facilities and support for new technology and commercial developments. Through its development and ongoing operations, UC Merced will act as an economic catalyst in a regional economy primarily based on the agriculture industry. Developing UC Merced will create hundreds of new construction-related jobs and business opportunities. The Lieutenant Governor led a workshop in 2002 to educate local contractors and vendors about the construction, services and operational opportunities.

BUILDING A STRONG ECONOMY: SUPPORTING SMALL BUSINESS GROWTH

SMALL BUSINESS DYNAMICS

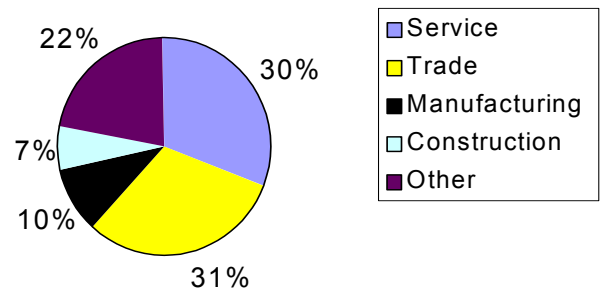
Small businesses are the primary driving force behind California's economy, employing over half of the state's workforce. The more than two million small businesses in California produce or supply most of the state's goods and services and nearly one-third of its exports.¹⁵ With total proprietor income of \$127 billion in 2001,¹⁶ small businesses also form a strong foundation for the state tax base.

Starting a business is the dream of many Californians and is also a significant source of prosperity for women, racial and ethnic minorities and recent immigrants.¹⁷ Yet, studies by the Small Business Administration and the Milken Institute suggest that the demographic distribution of small business ownership is not proportional. Restricted access to capital forms a strong barrier to entry for these prospective entrepreneurs.

STATE SUPPORT FOR SMALL BUSINESSES

Small businesses operate in a highly competitive market, with only 66 percent surviving for two years and just 40 percent for more than six.¹⁸ The state should work with industry groups to support small businesses by expanding access to capital. In addition, the state should prevent small businesses from being subject to undue regulatory burdens, while also ensuring compliance with established labor laws. The state can begin working toward this by reviewing the scope and efficacy of agency procedures by assessing the impact of proposed regulations on small businesses.

**California Small Businesses
by Industry**



Small Businesses in California:

- 27.3% are women-owned (1997)
- 28.8% are minority-owned (1997)
- Increased by 5% in number (2001)

Source: Small Business Administration (2001)

The main obstacles to securing capital for women and minorities are:

- The reduced number of banks overall and in low-income neighborhoods
- Limited entrepreneurial credit history and personal assets
- The concentration of financing in technology and information services
- Negligible access to non-bank financing

Source: Small Business Administration (2001)

Small businesses operate in a highly competitive market...

- Only 66% survive for two years
- And just 40% survive for more than six

Source: Small Business Administration (2001)

CREATING AND MAINTAINING THE WORKFORCE

California's economy demands a highly skilled workforce. Fundamental to providing this workforce are the University of California, California State University and Community College systems, which collectively served more than 2,250,000 students in 2002—by far the most of any state. Impressive as this number may be, business demand for educated workers outstrips supply, creating a “market gap.” A significant part of this gap could be filled if a higher percentage of Californians went to college or continued their college studies. For many, this is a question of access.

To increase access, the Lieutenant Governor launched his “College Opportunity and Outreach Program,” an initiative to promote public awareness of the Cal Grant program and other policy changes that give California high school graduates enhanced opportunities for higher education. The Lieutenant Governor also applied his dual role as UC Regent and CSU Trustee to strive for increased access through legislation and advocacy.

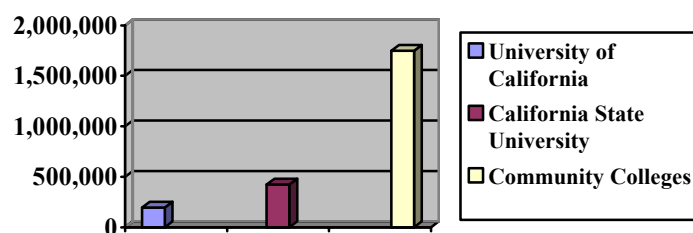
The \$1.3 billion Cal Grant guarantee program provides awards to every student who meets certain financial and academic requirements. Students can receive an annual award, for up to four years, to help cover the cost of tuition and fees. In addition, the Lieutenant Governor supported legislative efforts to expand access to Cal Grants. AB 1059 (Oropeza) and SB 1825 (Ortiz) were two of these efforts.

In 2002, the Lieutenant Governor sponsored SB 874 (Dunn), a workplace literacy act crafted to bring basic English classes to workplaces deficient in an English-speaking workforce. By eliminating language barriers, businesses can benefit from both increased productivity and workplace safety.

Employee health and safety continue to be pressing issues for California. Nearly three million working Californians lacked medical insurance last year. Without medical insurance, many employees may not seek necessary medical treatment, resulting in higher absenteeism and less productivity. The burden of uninsured workers to the state also depletes opportunities for state-based economic development incentives. Employer-based medical insurance should be a priority for California.

Table #9

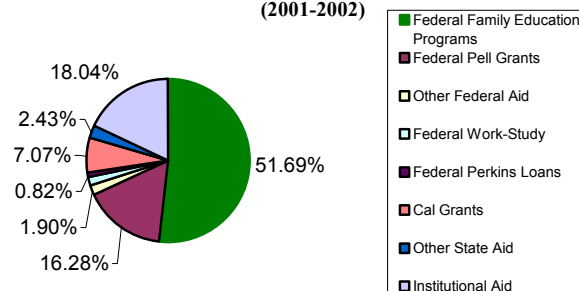
Student Enrollment, 2002



Source: CPEC Fiscal Profiles 2002

Table #10

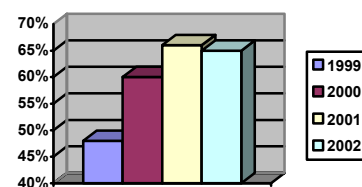
Financial Aid in California: \$7.3 billion (2001-2002)



Source: California Student Aid Commission

Table #11

California Firms Offering Health Benefits, 1999 - 2002



Source: Kaiser/HRET/UC Berkeley

FUTURE DIRECTIONS

“California is one of the most diverse places in the world. Our challenge is to enable all of our citizens, regardless of background, to share in our collective prosperity. Californians all want the same things for their families: good schools, good jobs, safe neighborhoods and an equal opportunity to make the most of their God-given talents. By making the proper investments in universally accessible infrastructure, we can close the gaps that divide us and come together as One California.” --Cruz M. Bustamante, Lieutenant Governor

Building economic security for California’s working families requires the creation of good jobs. The CED will work to support this goal by focusing its future efforts on retaining manufacturing jobs, expanding trade, investing in infrastructure, education and training, supporting small business and promoting a healthy workforce.

1. RETAIN GOOD MANUFACTURING JOBS

Highly skilled manufacturing jobs are essential to the state’s economic growth and stability. The state should consider new incentives for manufacturing retention, and expand current ones, such as the Manufacturing Investment Credit. California should also focus on securing national defense contracts to support its aerospace and defense manufacturing businesses.

2. EXPAND TRADE

Increased foreign direct investment and the opening of new international markets for California-produced goods and services will boost state production and create new jobs. The state should consider the development of a long-term plan for trade expansion.

3. BUILD FOR ECONOMIC GROWTH

Infrastructure and security investments are critical for safeguarding our communities and economy, and the state should work to fund the development of new infrastructure and expedite the construction of funded projects.

4. EDUCATION AND TRAINING

California’s institutions of higher education are the foundation for the development of the state’s skilled workforce, scientific discoveries and technological innovation. Ensuring access to higher education for all Californians is essential to the advancement of our economy.

5. SUPPORT SMALL BUSINESSES

To encourage entrepreneurship and foster the success of small businesses, the state should seek ways to expand access to capital and ensure that any regulations adopted by the state are necessary, clear and do not unduly burden small businesses.

6. PROMOTE A HEALTHY WORKFORCE

A healthy workforce leads to a productive business climate, and the state should partner with the business community to create an environment that benefits employers and employees. Costs to the state from the emergency coverage of the uninsured hinder the economy and cripple potential investment opportunities for economic development.

BUILDING OUR FUTURE: CREATING SOUND PUBLIC POLICY

INFRASTRUCTURE

SB 1227 (Burton)-Housing and Emergency Shelter Trust Fund Act (Proposition 46)

\$2.1 billion of General Obligation Bonds to fund 21 housing programs. Programs include multi-family, first-time, low-income, farmworker and emergency housing. Adopted by California voters on November 5, 2002.

AB 16 (Hertzberg)-K-12 and Higher Education Bond (Proposition 47)

\$13.05 billion of General Obligation Bonds to fund the construction and renovation of K-12 school facilities and higher education facilities. Adopted by California voters on November 5, 2002.

AB 1086 (Calderon)-Environmental Quality –Residential Infill Development

Streamlines the environmental review process for urban infill housing development projects, creating more opportunities for affordable housing.

SB 1647 (Perata)-California Economic Stimulus and Public Infrastructure

\$1.045 billion of General Obligation bonds to fund improvements in local infrastructure, seaport and airport infrastructure, air quality and water infrastructure, water safety and water conservation.

AB 1170 (Firebaugh)-Housing: Down Payment Assistance

Homebuyer down payment assistance program for predominantly low- or moderate-income applicants.

EDUCATION AND TRAINING

AB 2501 (Diaz)-Community Technology Centers

New grant program for Community Technology Centers to increase access to Internet-ready computer facilities.

SB 874 (Dunn)-Adult Basic English Education

Allows private businesses to host basic English classes for their employees at the worksite. Removes language barriers at workplaces that could otherwise result in workplace hazards and decreased productivity.

SB 1566 (Polanco)-California Community Colleges

Reauthorized the Workforce and Economic Development Program to help maximize the role of California's Community Colleges as providers of education and training.

BUSINESS AND FINANCE

AB 692 (Aroner)-California Savings and Asset Project

Matches low-income participants' savings in Individual Development Accounts for purposes including home purchase and repair, employment or education-based vehicle purchases and business capitalization.

ACR 170 (Zettel)-Indian Gaming: Economic Impacts

Legislative resolution requesting that the Commission for Economic Development study and report the impacts of Indian Gaming on the California economy.

ACKNOWLEDGMENTS

STAFF AND CONSULTANTS

Stacie Olivares-Howard
Executive Director, CED

Lynn Montgomery
Chief of Staff

Kevin Terpsta
Communications Director

Allison Murphy
Administrative Director

Lorena Gonzalez-Bradford
Senior Advisor

Ardie Zahedani
Policy Consultant

Kathy Eide
Director, Central Valley Office

Elissa NaSal
Executive Scheduler

Alison Tracy
Administrative Assistant

Reyes Diaz
Administrative Assistant

Theresa Tran
Administrative Assistant

Saeed Ali
Consultant

INTERNS

Naseem Sagati
University of California, Berkeley

Cassandra Urteaga
Beverly Hills High School

Richard Chen
Harvard University

Sebastian Miller
University of California, Los Angeles

Philipp Gorelik
Claremont University

Ezequiel Olvera
University of California, Santa Cruz

Cindy Cho
Fullerton College

Tracey Katagi
University of California, Los Angeles

Richard Hernandez
University of California, San Diego

Nirav Patel
University of California, Riverside

SOURCES

1. "California Business Stats." General California Economy. Governor's Office of the Advocate for Small Business. <http://www.smallbusiness.ca.gov/content/BusinessStats.shtml>.
2. California Employment Development Department, 2003. <http://www.edd.ca.gov>.
3. Vital Statistics, California Office of Trade and Investment, 2002. <http://www.california.co.za/californiastatistics.htm>.
4. Food and Agriculture Resource Directory, California Department of Agriculture, 2002.
5. Statistics of US Businesses: 1999: Arts, Entertainment, Recreation: California, U.S. Census Bureau, 2002.
6. Industry Profiles: Aerospace, Economic Strategy and Research Group; California Technology, Trade and Commerce Agency, 2002. <http://commerce.ca.gov>.
7. Industry Profiles: Biotechnology, Economic Strategy and Research Group; California Technology, Trade and Commerce Agency, 2002. <http://commerce.ca.gov>.
8. Industry Profiles: Defense, Economic Strategy and Research Group; California Technology, Trade and Commerce Agency, 2002. <http://commerce.ca.gov>.
9. Milken Institute. "Manufacturing Matters: California's Performance and Prospects." p.7. August 2002.
10. California Technology, Trade and Commerce Agency. <http://www.commerce.ca.gov>.
11. Ibid.
12. California Technology, Trade and Commerce Agency. <http://www.commerce.ca.gov>.
13. Wian, C. "Labor Dispute Shuts Down Ports." CNN. <http://www.cnn.com/2002/US/West/09/29/ports.labor/>.
14. California Technology, Trade and Commerce Agency. <http://www.commerce.ca.gov>.
15. Small Business Administration, Office of Advocacy. 2002 Small Business Profile: California. p. 1.
16. Small Business Administration, Office of Advocacy. 2002 Small Business Profile: California. p. 2.
17. Small Business Administration, Office of Advocacy. "The Role of Small Firms in the Upward Mobility of New Immigrants." p. 2. 1996.
18. Small Business Administration, Office of Advocacy. "Small Business by the Numbers: Answers to Frequently Asked Questions." May 2002.
